APPENDIX A

UNITED STATES COURT OF APPEALS
FOURTH CIRCUIT

No. 73-1699

MARY HELEN SEARS,
Appellant,

v.

ROBERT GOTTSCHALK, Commissioner of Patents,
Appellee.

Argued March 6, 1974

Decided Aug. 14, 1974

Before WINTER, BUTZNER and FIELD, Circuit Judges.

WINTER, Circuit Judge:

Suing under the Freedom of Information Act, 5 U.S.C. § 552 (FOIA), plaintiff, a patent attorney, sought to enjoin defendant from withholding "abandoned U.S. patent applications" from her and the public. The suit was instituted because plaintiff's request to make available to her "all existing abandoned U.S. patent applications" had been denied by the defendant on the ground that the matters sought were barred from disclosure by 35 U.S.C. § 122 (1970). The district court concluded that the documents sought were exempt from compelled disclosure on the alternate grounds that they were "specifically exempted from disclosure by statute," as provided in 5 U.S.C. § 552(b)(3), and that they contained "trade secrets and commercial or financial information obtained from a person and privileged or confidential," as provided in

5 U.S.C. § 552(b)(4). We conclude that the district court was correct in its conclusion that abandoned patent applications are statutorily exempt from the necessity of disclosure under FOIA. We perceive no constitutional obstacle to this conclusion, and we do not think that a three-judge court was required in order to reach it. We affirm the order of the district court.

I.

A patent application is, of course, an application for the grant of a patent under the provisions of 35 U.S.C. § 1 *et seq.* Patent applications fall into three categories: (a) those in the process of consideration by the patent office—"pending applications," (b) those denied by the patent office as to which the applicant has not sought judicial review,[1] and those abandoned by formal relinquishment[2] or mere default,[3] before the patent office has taken final action—"abandoned applications," and (c) applications which have ripened into the grant of a patent—"matured or granted applications." Plaintiff makes no claim that "pending applications" should be available for public inspection; indeed, she readily concedes their confidentiality under 35 U.S.C. § 122. When the applications mature into the grant of a patent, a copy of the specification and drawing of the patent are annexed to the patent, 35 U.S.C. § 154, and they are open to the public for inspection and copying.[4] Thus, plaintiff's request was to have

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[1] The right to judicial review of the denial of a patent is found in 35 U.S.C. §§ 141 and 145.

[2] 37 C.F.R. §§ 1.138, 1.139.

[3] 35 U.S.C. § 133; 37 C.F.R. § 1.135. Patent applications abandoned by default may be revived, however, bya vertified statement satisfying the Commissioner of Patents that "the delay was unavoidable." 37 C.F.R. § 1.137.

[4] By 35 U.S.C. § 112, the "specification" of a patent application is "a written description of the invention, and of the manner

access to and examine only those falling into the second category—"abandoned applications," and only those are the subject of suit.

The patent office denies access to or inspection of both pending applications and abandoned applications. As to the latter, indices of abandoned applications are maintained, and the applications themselves or a microfilm thereof have been preserved. While the record does not reflect the fact with certainty, it appears that most, if not all, abandoned applications are extant, although, as might be expected, not all could be produced without some inconvenience and expense.[5] The record indicates that some portions of abandoned applications contain trade secrets. But it is argued that the evidence on this fact was received *ex parte* and we should conclude that the Commissioner of Patents has failed to satisfy the burden of proof to enable him to claim the "trade secret" exemption to disclosure. We need not concern ourselves with this contention, however, because we do not reach the district court's alternative holding that the trade secret exemption of FOIA is applicable.

II.

The legal dispute between the parties arises from two statutes. The first is FOIA, which requires each agency "on request for *identifiable records* . . . [to] make the records promptly available to any person." (Emphasis

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and process of making and using it . . . and [it] shall set forth the best mode contemplated byt he inventor of carrying out his invention." The completeness of the disclosure is thus manifest.

[5] 5 U.S.C. § 552(a)(3) permits an agency to exact "fees to the extent authorized by statute" as a condition precedent to making records promptly available to any person. In the instant case, it has been stipulated that plaintiff's request for inspection was "made in accordance with published rules stating the time, place, fees to the extent authorized by statute, and procedure to be followed" in compliance with § 552(a)(3).

added.) 5 U.S.C. § 552(a)(3). Among the exceptions to this mandate are records "specifically exempted from disclosure by statute," § 552(b)(3). The second statute from which the dispute arises is the provision of the patent title, 35 U.S.C. § 122, which states:

> Applications for patents shall be kept in confidence by the Patent Office and no information concerning the same given without authority of the applicant or owner unless necessary to carry out the provisions of any Act of Congress or in such special circumstances as may be determined by the Commissioner.

On the merits of the ultimate question, plaintiff contends that the § 122 rule of confidentiality applies only to pending applications and not to abandoned applications, and therefore the § 552(b)(3) exception to the mandate of § 552(a)(3) does not apply. Preliminarily, she asserts that § 122 is not the type of statute to qualify for the § 552(b)(3) exception, because it authorizes the Commissioner to disclose matters required to be kept confidential if he determines that disclosure is justified.[6]

Defendant argues that plaintiff's request to inspect "all existing abandoned U.S. patent applications" is not a request for "identifiable records" within the meaning of § 552(a)(3), and plaintiff's suit should be dismissed on that basis. On the merits, defendant contends that the rule of confidentiality embodied in § 122 applies to abandoned applications as well as pending applications, and that § 122 is a statute of the kind contemplated by § 552(b)(3), so that plaintiff's request is defeated by § 552(b)(3).

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[6] Plaintiff makes other contentions which we need not describe, discuss or decide in the view that we take of a proper disposition of the case.

III.

[1-3] We are not persuaded by defendant's argument that plaintiff's request to inspect was so lacking in specificity that the records sought were not "identifiable records" within the meaning of § 552(a)(3). The purpose of the "identifiability" requirement is to generate a "reasonable description enabling the Government employee to locate the requested records." Bristol-Myers Co. v. F. T. C., 138 U.S.App.D.C. 22, 424 F.2d 935, 938 (1970) (quoting S.Rept.No. 813, 89th Cong., 1st Sess. at 8). Although plaintiff's request was far reaching,[7] that purpose was met. Aside from the sheer bulk of the material to which access was sought and the accompanying expense and inconvenience of making it available for inspection, defendant makes no claim that he does not know what plaintiff wishes to see or where to locate it. The case is thus different from Irons v. Schuyler, 151 U.S. App.D.C. 23, 465 F.2d 608 (1972), where access was sought to "all unpublished manuscript decisions of the Patent Office" and where it appeared that there were more than 4,780,000 files, "any of which may contain one or more manuscript decisions." In that case, inspection was denied, but the decision turned on the difficulty of locating the requested records rather than the categorical nature of the request, we, therefore, do not deem it controlling here. If otherwise locatable, the rule in this circuit is that equitable considerations of the costs, in time and money, of making records available for examination do not supply an excuse for non-production. Ethyl Corp. v. Environmental Protection Agency, 478 F.2d 47 (4 Cir. 1973); Wellford v. Hardin, 315 F.Supp. 175 (D.Md.1970), aff'd 444 F.2d 21 (4 Cir. 1971). See also National Cable Television Ass'n, Inc. v. F. C. C., 156 U.S.

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[7] See the factual statements in Irons v. Schuyler, 151 U.S.App. D.C. 23, 465 F.2d 608, 611 (1972), cert. den., 409 U.S. 1076, 93 S.Ct. 682, 34 L.Ed.2d 664 (1972).

App. D.C. 91, 479 F.2d 183 (1973); Getman v. N. L. R. B., 146 U.S.App.D.C. 209, 450 F.2d 670 (1971).

IV.

Nor do we see merit in plaintiff's argument that, since the Commissioner may disclose patent applications "in such special circumstances as may be determined by the Commissioner," § 122 is not the sort of statute contemplated by the (b)(3) exception to the disclosure requirement of FOIA.[8] The question of whether a statute which confers discretion to determine whether to make records of his agency publicly available "specifically exempts from disclosure" the material over which the administrator has discretion is not without difficulty. Professor Davis resolves this question in favor of the availability of the exception.[9] He reasons that the specific intent of Congress to maintain in secret that which the administrator determines should be so maintained should not be overridden by the more general provisions of the FOIA.

We are aware of only two cases which bear directly on this question. In Evans v. Dept. of Trans., 446 F.2d 821 (5 Cir. 1971), the Fifth Circuit, in an alternative holding said that the (b)(3) exception was available for matters which a statute authorized an administrator to withhold if he found that

> disclosure of such information would adversely affect the interests of such person [he who provided the information to the administrator] and is not required in the interest of the public.[10]

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[8] If this argument prevails, FOIA plaintiffs will be able to compel public disclosure of all applications both pending and abandoned, notwithstanding plaintiff's concession that pending applications are protected from disclosure.

[9] Davis, Administrative Law, § 3A.18 (1970 Supp.).

[10] 49 U.S.C. § 1504 (1970).

It is noteworthy that the Congress had provided some standards for the exercise of discretion in the statute under consideration in *Evans*.

A recent Third Circuit case, drawn to our attention by post-argument memoranda, emphasizes the absence of statutory guidelines for the exercise of discretion in holding that 42 U.S.C. § 1306(a), which reads

> No disclosure of any . . . report . . . obtained at any time by the Secretary . . . or employee of the Department . . . in the course of discharging their respective duties under this chapter [the chapter on social security] . . . shall be made except as the Secretary . . . may by regulations prescribe . . .,

will not support the (b)(3) exception. Stretch v. Weinberger, 495 F.2d 639, (3 Cir., 1974). However, in *Stretch*, the court placed equal emphasis on the lack of specificity in the phrase "any record"—the definition of the matters to be kept confidential within the Secretary's discretion. The court stated the rule to be that

> "matters are . . . specifically exempted from disclosure by statute" only if a statute *either* identifies some class or category of items that Congress considers appropriate for exemption *or*, at least, sets out legislatively prescribed standards or guidelines that the Secretary must follow in determining what matter shall be exempted from disclosure. (Emphasis added).[11]

From this language, we infer that the Third Circuit would be satisfied that the phrase "applications for patents" sufficiently identifies the class of items Congress deems appropriate for exemption so that the absence of guidelines in § 122 for the exercise of the Commissioner's discretion would not be determinative.

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[11] A 640.

[4, 5] Plaintiff, of course, argues that, where the administrator has unbridled discretion to disclose or not disclose a class of items, the (b) (3) exception should be unavailable regardless of how carefully such class is identified. But we are persuaded of the correctness of the Third Circuit view. The presence of guidelines for the exercise of discretion to withhold or disclose qualifies a statute to be the basis of a (b) (3) exception. The phrase "such special circumstances as may be determined by the Commissioner" is such a standard. It incorporates the then existing administrative standards for disclosure of patent applications embodied in Rule 14(a) and (b).[12] In turn, the standards found in Rule 14 are sufficiently specific that they meet the "specifically exempting" requirement of the (b) (3) exception. Since the legislative history is clear that § 122 was intended to codify the Patent Office rule of secrecy, whatever it may have been, we see no insuperable barrier to reading the guidelines for the exercise of the Commissioner's discretion to disclose back into the statute. We therefore hold that § 122 "specifically exempts" applications for patents from disclosure within the meaning of § 552(b) (3).

V.

Thus, we are brought to the ultimate question of how, in this case, to apply 5 U.S.C. § 552(a) (3) in the light of 5 U.S.C. § 552(b) (3) and 35 U.S.C. § 122. We begin by recognizing that in Kewanee Oil Company v. Bicron Corporation, —— U.S. ——, ——, 94 S.Ct. 1879, 1888, 40 L.Ed.2d 315 (1974), the Supreme Court has recently stated:

> The mere filing of applications doomed to be turned down by the Patent Office will bring forth no new public knowledge or enlightenment, since under federal statute and regulation patent applications and abondoned patent applications are held by

[12] 37 C.F.R. § 114(a), (b).

> the Patent Office in confidence and are not open to *public inspection.* 35 U.S.C. § 122; 37 C.F.R. § 1.14 (b).

While at first blush this sentence may seem to decide the instant case, we are persuaded that it has not, and that the issue is before us for initial adjudication.

Kewanee was a diversity action in which a manufacturer of synthetic crystals sought injunctive relief and damages under Ohio law against certain former employees and the corporation that they caused to be organized on the ground that defendants had misappropriated plaintiff's trade secrets. The district court, applying Ohio law, granted relief, but the Court of Appeals reversed on the ground that Ohio's trade secret law conflicted with, and hence was preempted by, the federal patent laws. The Supreme Court reversed the judgment of the Court of Appeals and reinstated that of the district court. The principal discussion in its opinion was about whether there was a conflict between the provisions and purposes of the federal patent laws and the Ohio law of trade secrets. It was with regard to a trade secret known not to be patentable that Supreme Court made the statement quoted to demonstrate tha he Ohio law which protected such a trade secret did not conflict with federal patent law.

There is nothing in the opinion in *Kewanee* to indicate that the *legality* of suppressing all information contained in abandoned applications was either litigated or decided. The quoted statement appears to be nothing more than a factual recitation of the surface provisions of the existing statute and regulation. Indeed, the statement is not necessarily even one that § 122 prescribes a rule of confidence for abandoned patents. This is so because the statement speaks of both "patent applications" and "abandoned patent applications," citing § 122 and 37 C.F.R. § 1.14(b)—which relates only to abandoned patent appli-

cations—but *not* 37 C.F.R. § 1.14(a)—which relates to pending patent applications. It follows that the statement may be read to invoke only § 1.14(b) of the regulations, and *not* § 122 of the statute, as support for its comment about the confidentiality of abandoned patent applications. Hence, we feel free to deal with the case on the merits as presenting a question of first impression; and, as we will show, we conclude that the statement in *Kewanee* is indeed the law with respect to abandoned applications.

VI.

In Ethyl Corp. v. Environmental Protection Agency, 478 F.2d 47, 48-49 (4 Cir. 1973), affirming our prior decision in Wellford v. Hardin, 444 F.2d 21, 25 (4 Cir. 1971), we said:

> The Freedom of Information Act was intended to express in statutory form the firm obligation of governmental agencies to make disclosure to "any person" of identifiable information and facts in their possession, limited only by certain specific exemptions. Specifically, it denied the federal agency any right to "refuse disclosure of materials covered by the Act for any reason other than one contained in the exclusionary section of the legislation. The legislative history of the Act makes it clear that the obligation to produce thereby mandated is to be construed *broadly* and the exemptions from such obligation *narrowly*. In short, the Act makes disclosure the rule and secrecy the exception. (Emphasis in original.)[13]

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[13] *Ethyl Corp.* was decided after Environmental Protection Agency v. Mink, 410 U.S. 73, 93 S.Ct. 827, 35 L.Ed.2d 119 (1973). That it is in accord with controlling precedents is demonstrated by the characterization in the later decision of Renegotiation Board v. Bannercraft Clothing Co., Inc., 415 U.S. 1, 19, 94 S.Ct. 1028, 1038, 39 L.Ed.2d 123 (February 19, 1974)—"The broad language of the FOIA, with its obvious emphasis on disclosure and with its

This is the spirit in which we approach the main question and this is why, in order for a failure to disclose to be sustained under § 552(b)(3), there must be *strict* compliance with its requirement that a matter be "*specifically* exempted" from disclosure by state.

The language in § 122 creating confidentiality speaks of "[a]pplications for patents." The language is broad enough to include all categories of applications—pending, abandoned and granted—[14] and that would appear to be the legislative intent of Congress. Especially is this so when the adjective of qualification—"pending"—could so easily have been employed had Congress intended the operative effect of § 122 to be limited to pending applications for patents as plaintiff contends. Moreover, the concept of an abandoned application for a patent is a flexible one. Both 35 U.S.C. § 133 and 37 C.F.R. § 1.137 permit the revival of an abandoned application under certain circumstances. Thus, what may be an abandoned application, which plaintiff claims the right to inspect, may subsequently resume being a pending application, which plaintiff concedes is immune to inspection. When an "abandoned" application does not necessarily remain abandoned, it is difficult to give the language of § 122 the discriminating effect urged by plaintiff.

Lest the language of § 122 be not itself sufficient "specifically" to clothe abandoned patent applications with confidentiality, we turn to its legislative history. The enactment of § 122 was part of the overall revision and reenactment of the patent laws in 1952. Both the House and

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exemptions carefully delineated as exceptions . . ."—in reaching the holding that FOIA does not limit the inherent powers of an equity court to grant relief.

[14] The disclosure of the essential portions of the applications for a patent when the patent is granted results from the provisions of 35 U.S.C. §§ 112 and 154 and not from the provisions of § 122.

Senate reports state that "[s]ection 122 incorporate into the title the rule of secrecy of patent applications *which has existed in the Patent Office for generations.*" (Emphasis added.) H. Report No. 1923, 82d Con., 2d Sess. at 7 (1952); S. Report No. 1979, 82d Cong. 2d Sess. at 6 (1952), U.S.Code Cong. & Admin.News, p. 2400. The fact is that, while the regulations of the Patent Office have spoken of pending and abandoned applications on a parity as to secrecy only since 1952, for *ninety* years prior thereto, and hence for the "generations" referred to in the legislative history of § 122, the practice of the Patent Office has been to treat them alike.

The text of the Patent Office rule in effect in 1952 (and also in effect at the present) is set forth in the margin.[15] It will be noted that subsection (a), with an exception not pertinent, states that "pending patent applications are preserved in secrecy," and subsection (b) states that "abandoned patent applications are *likewise* not open to public inspection" (emphasis added) except those referred

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[15] 37 C.F.R. § 1.14. *Patent applications preserved in secrecy*

(a) Except as provided in § 1.11(b) pending patent applications are preserved in secrecy. No information will be given by the Office respecting the filing by any particular person of an application for a patent, the pendency of any particular case before it, or the subject matter of any particular application, nor will access be given to or copies furnished of any particular pending application or papers relating thereto, without written authority in that particular application from the applicant or his assignee or attorney or agent of record, unless it shall be necessary to the proper conduct of business before the office or as provided by this part.

(b) Except as provided in § 1.11(b) abandoned patent applications are likewise not open to public inspection, except that if an application referred to in a U.S. patent is abandoned and is available, it may be inspected or copies obtained by any person on written request without notice to the applicant. Abandoned applications may be destroyed after 20 years from their filing date, except those to which particular attention has been called and which have been marked for preservation. Abandoned applications will not be returned.

to in a patent.[16] The rule was promulgated December 31, 1948, to become effective March 1, 1949.[17] Prior to 1949, pending and abandoned applications were usually the subjects of separate rules but they were, for practical purposes, treated alike. Pending applications have always been afforded secrecy;[18] abandoned applications were not

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[16] Until 1879, the Patent Office, in the examination of pending applications, cited abandoned applications as references. This practice was discontinued in 1879. The current practice of *not* citing abandoned applications as references is set forth in 37 C.F.R. § 1.108.

[17] 13 Fed.Reg. 9577 (1948).

[18] A brief history of the rules granting secrecy to pending applications follows:

The first rule appeared in 1854, and it provided:

> Aside from the caveats, which are required by law to be kept secret, all pending applications are, as far as practicable, preserved in like secrecy. No information will therefore be given to those inquiring whethera ny particular patent is before the office, or whether any particular person has applied for a patent.

With renumbering and inconsequential editorial change, the 1854 rule continued until 1879. In that year, the rule was revised twice, the latter version being:

> Caveats and pending applications are preserved in secrecy. No information will be given without authority . . . unless it shall be necessary to the proper conduct of the business before the office, as provided by Rules . . . .

In 1897, the rule was revised in a manner creating an apparent dichotomy of treatment of pending and abandoned applications. The 1879 rule read:

> Applications will be preserved in secrecy, except as provided in the interference rules; but copies of abandoned applications, upon petition therefor, for sufficient cause . . . will be furnished by the Commissioner.

The next revision occurred in 1916 and, except for a right of inspection of pending applications by the military for inventions having value in the prosecution of World War I, it continued unchanged until the present rule became effective in 1949. The essence of the 1916 rule read:

given formal secrecy until 1949, although access to them was restricted after 1879, when the Patent Office abandoned the practice of citing abandoned applications as references in the examination of pending applications.[19] The degree of restriction is highly significant. An examination of the opinions of the Supreme Court of the District of Columbia and the opinions of the Commissioner of Patents fairly demonstrate that, aside from an interference proceeding in the patent office, only a defendant in an infringement suit could obtain inspection of one or more specific abandoned applications, but then only if they were applications of the plaintiff who sued him for infringement and the defendant could allege that they contained material relevant to his defense. See U. S. ex rel. Pollok v. Hall, 48 O.G. 1263 (Sup.Ct.D.C. 1888); Ex parte Fowler and Fowler, 49 O.G. 562 (1889) aff'd sub nom., U. S. ex rel. Fowler v. Commissioner, 62 O.G. 1968

> Pending applications are preserved in secrecy. No information will be given without authority . . . unless it shall be necessary to the proper conduct of business before the office, as provided by Rules . . . .

[19] Prior to 1879, ther ules of the Patent Office made abandoned patent applications freely available to the public. The first rule relating to inspection of abandoned applications was adopted in 1879, and it provided:

> Certified copies of the files in cases of rejected or abandoned applications may be furnished to applicants or to other persons when specifically ordered, but no inspection of such files, except by the applicants or their duly authorized attorneys, will be permitted.

This rule contained until 1946, when it was revised into the following form:

> Copies of the files of forfeited and abandoned applications may be furnished when ordered by the Commissioner. The requests for such copies must be presented in the form of a petition properly verified as to all matters not appearing of record in the Patent Office. (See Form —).

The 1946 revision continued until it was supplanted by 37 C.F.R. § 1.14(b).

(Sup.Ct.D.C. 1890); U.S. ex rel. Bulkley v. Butterworth, 81 O.G. 505 (Sup.Ct.D.C. 1897); Ex parte Warner, 96 O.G. 1238 (1901); In re Dyer, 106 O.G. 1508 (1903); In re Ashtabula Telephone Company, 110 O.G. 860 (1904); In re Buck, 113 O.G. 1418 (1904); In re Taupenot, 113 O.G. 1418 (1904).

[6] Thus, it appears that while the Patent Office had, for generations, maintained separate rules limiting public access to pending and abandoned applications respectively, the practical effect of the two rules was identical. Since we look to substance rather than form, we think the difference in nomenclature preserved by the Patent Office for many years is of little significance and thus we conclude that the legislative history of § 122 only reenforces the facial breadth of the legislative command that abandoned as well as pending patent applications are protected from general public disclosure.[20] Notwithstanding the FOIA's

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[20] Our conclusion is in accord with the views of an authoritative commentator on the meaning and effect of § 122. The statement in the House and Senate Reports on H.R. 7794 that § 122 would codify "the rule of secrecy of patent applications which has existed in the Patent Office for generations" was undoubtedly derived from the testimony of Mr. Federico in the hearings on H.R. 3760, a prior version of H.R. 7794. Section 122 of H.R. 3760 is identical to § 122 of H.R. 7794, which was enacted as the present patent title. Mr. Federico had long been an examiner in the Patent Office and had assisted the committee staff in drafting H.R. 3760. Thus, it is significant that after the enactment of present § 122, Mr. Federico wrote that § 122 "makes no distinction between pending applications and abandoned applications . . ." Federico, Commentary on the New Patent Act, 35 U.S.C.A. § 1, pp. 1, 36.

Although entitled to less weight, we note also the pendency in Congress of proposals to abolish the secrecy rule as to both pending and abandoned patent applications. Proposed legislative abolition of the rule may well stem from the legislative understanding that the rule exists. See H.R. 7111, § 122, 92d Cong., 1st Sess., 119 Cong.Rec.No.61 at H2877 (April 17, 1973); S. 1321, § 122, 93d Cong., 1st Sess., 119 Cong.Rec.No.45 at S. 5373 (March 22, 1973).

strong policy of disclosure, we hold that mandatory disclosure of abandoned patent applications is foreclosed by § 122.

VII.

As a constitutional barrier to the conclusion we reach, plaintiff argues that § 122 and 37 C.F.R. §§ 1.14(b) and 1.108 are unconstitutional. The claim that 37 C.F.R. §§ 1.14(b) and 1.108 are invalid is derivative of the claim that § 122 is invalid insofar as it exempts abandoned applications from public disclosure, and plaintiff advances three distinct theories to arrive at that conclusion. A related argument is that the district judge should have convened a three-judge court to pass upon plaintiff's constitutional contentions rather than to have decided them himself. We agree with the district court that plaintiff's constitutional contentions are lacking in merit, and indeed are so insubstantial that it was unnecessary to convene a three-judge court pursuant to 28 U.S.C. § 2282 to reject them.[21] We turn to plaintiff's several arguments.

First, plaintiff relies upon Supreme Court decisions which say that the Patent Clause of Art. I is at once a conferral of power and a limitation upon the power conferred. Plaintiff contends that abandoned patent applications are evidence of the nature and scope of prior art and the level of ordinary skill therein, particularly when the Patent Office has rejected an application as not representing a significant advance over the prior state of the art at the time of the invention; and therefore a rule denying public access to abandoned patent applications prevents the efficient use of evidence material to the resolu-

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[21] Ex parte Poresky, 290 U.S. 30, 54 S.Ct. 3, 78 L.Ed. 152 (1930); Bailey v. Patterson, 369 U.S. 31, 82 S.Ct. 549, 7 L.Ed.2d 512 (1962); Rosado v. Wyman, 397 U.S. 397, 90 S.Ct. 1207, 25 L.Ed.2d 442 (1970); Maryland Citizens for A Rep. Gen. A. v. Governor of Md., 429 F.2d 606 (4 Cir. 1970).

tion of questions of patentability *in the constitutional sense.* It is argued that since the rule of secrecy is likely to lead to unconstitutional adjudications that extend patent protection to inventions that are not patentable constitutionally, the secrecy rule is itself unconstitutional.

[7] We do not agree. If Congress, in purported exercise of the Patent Power, attempts to extend patent protection to an item that is not a "discovery" within the meaning of he Patent Clause, such exercise of power would probably be unconstitutional. Although the Supreme Court does not appear to have invalidated any patent legislation on this theory, it seems clear that the Court believes that patentability standards such as nonobviousness—the requirement that the invention be "unobvious to one of ordinary skill in the art at the time it was made"—have a constitutional dimension.[22] But there are several answers to the contention. In the first place, 35 U.S.C. § 102 which specifies the type of prior art which will prevent issuance of a patent, or render an issued patent invalid, does not specify abandoned applications as "prior art." Brown v. Guild (the Corn Planter Patent), 23 Wall. 181, 210, 211, 90 U.S. 181, 210, 211, 23 L.Ed. 161 (1874), holds that an abandoned application, *per se* cannot be the basis for holding a patent invalid because the application represents nothing more than an abandoned experiment. See also 1 Deller's Walker on Patents, 309 (1964). The rule has been criticized but not modiged. Milburn Co. v. Davis Bournonville Co., 270 U.S. 390, 46 S.Ct. 324, 70 L.Ed. 651 (1926). But, where the concept of an abandoned application has been published or practiced so as to become "prior art," § 122 would not prevent a litigant in a suit over the validity of a patent from discovering any relevant and material abandoned

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[22] Graham v. John Deere Co., 383 U.S. 1, 86 S.Ct. 684, 15, L.Ed. 2d 545 (1966); Anderson's Black Rock v. Pavement Salvage Co., 396 U.S. 57, 90 S.Ct. 305, 24 L.Ed.2d 258 (1969).

patent applications. The exception in § 122 seems to be designed to meet this purpose. At best, full disclosure of abandoned patent applications would only facilitate the marshalling of evidence relevant to patentability that may be found in abandoned patent applications. Public disclosure of abandoned applications would probably permit the patent bar to develop expertise concerning what is contained in the mass of abandoned patents; patent attorneys might more readily be able to develop knowledge of what to look for and where to look for it under a system of public disclosure, in contrast to the present secrecy system where they must, indeed, start from scratch in their discovery in each case. But we doubt that the increased likelihood of correctness in adjudications about the validity of patents would be substantial. Furthermore, we do not think that a statute can be unconstitutional for no other reason than that it has some tendency to hamper the correct resolution of constitutional issues before the courts for adjudication.

Plaintiff's second constitutional theory relies upon the substantive due process clause of the fifth amendment. It is conceded that one of the purposes of the secrecy rule is to obviate the risk that, through publication, an applicant for a patent may lose rights arising under state trade secret law. Plaintiff says it is likely that many of the trade secrets embodied in abandoned patent applications are constitutionally unpatentable; and, if that be so, for the state to extend monopoly protection under is trade secret law to such inventions violates substantive due process.

[8] The short answer to this argument is the recent decision in Kewanee Oil Co. v. Bicron Corp., supra. That case extended the holding in Goldstein v. California, 412 U.S. 546, 93 S.Ct. 2303, 37 L.Ed.2d 163 (1973), that the power of Congress to paotect writings by granting copyrights was not exclusive and that the states were not

forbidden to encourage and protect the writings of those within their borders, to intellectual property in inventions, i.e., trade secrets. *Kewanee* held that "[s]tates may hold diverse viewpoints in protecting intellectual property relating to invention as they do in protecting the intellectual property relating to the subject matter of copyrigh. The only limitation on the States is that in regulating the area of patents and copyrights they do not conflict with the operation of the laws in this area passed by Congress . . . ." —— U.S. at ——, 94 S.Ct. at 1885. Thus, the states may protect trade secrets, and we perceive no violation of the fifth amendment in federal forebearance to permit that power to be exercised.

Finally, plaintiff argues that neither Congress nor the Commissioner may validly assist patent applicants to preserve their state created trade secret rights in unpatentable ideas because of the Patent Clause of the Constitution. Again, the argument is that the states may not create trade secret rights in unpatentable ideas and that therefore Congress and the Commissioner may not assist private persons to maintain any such rights. Again the answer is *Kewanee*. The only possible constitutional bar to such state action stems, not from the Patent Clause, but from the Supermacy Clause. Any preemption of state authority is to be looked for, not in the constitutional grant of the Patent Power to Congress, but in the exercise of that power; and *Kewanee* holds that Title 35 does not of itself preempt state regulation and protection.

[9] Since plaintiff's constitutional arguments are so insubstantial, we are satisfied that the district court had power, as a single judge, to decide her constitutional claims.

Affirmed.

APPENDIX B

UNITED STATES DISTRICT COURT
E. D. VIRGINIA
ALEXANDRIA DIVISION

Civ. A. No. 521-70-A

April 26, 1973

MARY HELEN SEARS,
Plaintiff,

v.

ROBERT GOTTSCHALK, Commissioner of Patents,
Defendant.

MEMORANDUM OPINION AND ORDER

OREN R. LEWIS, District Judge.

The plaintiff, a practicing patent attorney, seeks an order under the Freedom of Information Act, 5 U.S.C. § 552, requiring the Commissioner of Patents to produce and make available all existing abandoned United States patent applications.

The facts are not in dispute—The plaintiff wants to examine and copy all documents in the files of all existing abandoned patent applications and the Commissioner refuses to make them available.

He says the requested documents are not sufficiently identified within the meaning of the Act—but if so, they are exempted from production by one or more of the specific exemptions set forth therein.

The Court, upon the record here made, is of the opinion that the Commissioner was justified on both grounds in denying the request.

[1] The Freedom of Information Act, 5 U.S.C. § 552, does not require the Government to make all of its agency records available to the public.

Section 552(a)(1) lists the agency records that must be published in the Federal Register for the guidance of the public.

Section 552(a)(2) lists the agenvy records that must be made available for public inspection and copying.

Section 552(a)(3) makes available on request identifiable records made in accordance with published rules, and so forth.

Section 552(b)—"This section [552] does not apply to matters [among others] that are—

> "(3) specifically exempted from disclosure by statute;
>
> "(4) trade secrets and commercial or financial information obtained from a person and privileged or confidential;
>
> . . . ."

Section 552(c) says that this section [552] does not authorize withholding of inspection or liimt the availability of records to the public except as specifically stated in this section.

[2] The 552(a)(3) requirement that the request for disclosure specify identifiable records calls for a reasonable description enabling the government employee to locate the requested records—Se Bristol-Myers v. FTC, 138 U.S.AppD.C. 22, 424 F.2d 935 (1970).

[3, 4] Identification by class—here all abandoned patent applications—is not enough. "All" is not sufficiently descriptive. It was so held in Irons v. Schuyler, D.C. Cir., 465 F.2d 608, cert. den. 409 U.S. 1076, 93 S.Ct. 682, 34 L.Ed.2d 664 (1972)—and this Court so holds.

In that case Edward S. Irons, an associate of the plaintiff, requested all unpublished manuscript decisions of the Patent Office. The Court of Appeals for the District of Columbia said the request did not meet the standards set forth in Bristol-Myers, supra—

> ". . . [T]hose desiring information not made available to the public under the agency's published rules . . . must request the desired records with wreater descriptive concentration."

All abandoned patent application files include those which contain certain trade secrets and commercial or financial information obtained from a person and privileged or confidential—information expressly exempted from the provisions of the Act by § 552(b)(4).

There are more than six hundred thousand abandoned patent application files—Some are in the Patent Office—some are in the Federal Records Center—and some are on microfilm. At least twenty-four persent contain trade secrets which the applicants desire to maintain in secrecy —All which have been on file for twenty years, with the exception of those mentioned in other applications, are destroyed.

[5] The Commissioner is not required to excise the exempted material from the abandoned files as the plaintiff suggests.

The 552(b)(4) exemption is but another sound reason for requiring a more reasonable description of the documents sought—A request for alli s too broad to determine whether any particular abandoned patent application file or files can or should be made available.

The most important question for determination here, however, is whether § 552(b)(3) of the Freedom of Information Act exempts abandoned patent applications.

That section exempts from disclosure agency records that are exempted by statute.

The Freedom of Information Act was adopted in 1966 —The House Resolution, in discussing the (b)(3) proposed exemption, noted that there were nearly a hundred statutes or parts of statutes which restricted public access to specific government records—These statutes were not to be modified.

Tile 35 U.S.C. § 122,[1] which restricts public access to applications for patents, was adopted in 1952—Clearly this was one of the statutes that Congress did not intend to modify.

The Supreme Court of the United States in the recent Lear case—Lear, Inc. v. Adkins, 395 U.S. 653, 671, 89 S.Ct. 1902, 1911, 23 L.Ed.2d 610 (1969)—some three years after the Freedom of Information Act was adopted —stated that "During the time the inventor is seeking patent protection, the governing federal statute requires the Patent Office to hold an inventor's patent application in confidence," citing 35 U.S.C. § 122.

The Supreme Court further pointed out that the present regulations issued by the Patent Office [Rule 14(a)] unequivocally guaranteed that "pending patent applications are preserved in secrecy . . . unless it shall be necessary to the proper conduct of business before the Office" to divulge their contents.

This Court, in Misegades & Douglas v. Schuyler, 328 F.Supp. 619 (1971), held that § 552 of Title 5, U.S.C., did not open pending patent application files to public inspection upon request.

[6] We now hold that abandoned patent applications are likewise preserved in secrecy.

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[1] 35 U.S.C. § 122. Confidential status of applications. Applications for patents shall be kept in confidence by the Patent Office and no information concerning the same given without authority of the applicant or owner unless necessar to carry out the provisions of any Act of Congress or in such special circumstances as may be determined by the Commissioner.

Title 35 U.S.C. § 122 makes no distinction between pending and abandoned patent applications. All patent applications are either pending or abandoned [2]—Applications which mature into a patent are open to the public from the date of patenting—Applications that have been abandoned remain in the Patent Office files—Some may mature into a patent upon the payment of the requisite fees—Some may be the basis for a subsequent application concerning the saem subject matter—All may be revived.

The Patent Office has had a rule of secrecy as to patent applications for generations—In December of 1879 Rule 171 read, in pertinent part:

> "Certified copies of the files in cases of rejected and abandoned applications may be furnished to applicants or to other persons when specifically ordered, but no inspection of such files, except by the applicants or their duly authorized attorneys, will be permitted."

Succeeding Patent Office rules have consistently provided that abandoned applications should be held in confidence and access should be granted only by order of the Commissioner or because of the existence of special circumstances.

The pertinent portion of Rule 14 (promulgated in 1949) reads as follows:

> 14. Applications preserved in secrecy.
>
> (a) Pending applications are preserved in secrecy. No information will be given . . . . (b) Abandoned applications are likewise not open to public inspection, except . . . .

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[2] Pending applications are those which are before the Patent Examiner for consideration as to whether they satisfy the requirements of law for issuance as patents—Abandoned applications are those no longer before the Examiner for consideration on the merits.

In enacting 35 U.S.C. § 122, Congress intended to codify the long standing practice of holding in confidence all patent applications—both pending and abandoned.

Patent applications, pending and abandoned, are exempt from the provisions of the Freedom of Information Act, 5 U.S.C. § 552.

[7] The plaintiff's contention that all abandoned patent applications are needed by the Patent Office and the Courts in the discharge of their duty to limit patents to subject mattersatisfying the constitutional standards for inventions lacks support in law and fact. Clearly all abandoned patent applications are not needed for this purpose—Those that may be needed can be had by proper petition addressed to the Commissioner of Patents or to the courts.

[8] The plaintiff's prayer that the Patent Office be ordered to consider all abandoned patent applications in examining pending applications is denied.

The Patent Office has not been citing forfeited and aabndoned applications as references since December of 1879—The Supreme Court of the United States took note of this fact in Milburn Co. v. Davis, etc. Co., 270 U.S. 390, 46 S.Ct. 324, 70 L.Ed 651 (1926), stating ". . . and we are not disposed to disturb it [Rule 171]."

[9] The Commissioner of Patents has the duty of promulgating rules and procedures for the examination of applications for patents—Not the Court.

[10] The request that this Court declare 37 C.F.R. 1.14(b) and 37 C.F.R. 1.108 unconstitutional is denied.

Both sides have asked that sanctions be assessed against the other for failure to timely comply with the orders of this Court—to produce documents—to fully answer interrogatories—and to do what the other wanted in the

manner and form the other wanted it done. Numerous unnecessary hearings were required to resolve these petty diffrences—Both were rather sharply reprimanded in open court of their actions in the premises. Nothing further would be accomplished by assessing monetary sanctions against the participating attorneys—Therefore the motions for further sanctions are denied.

Nothing remaining to be done, the case should be dismissed at the cost of the plaintiff, and

It is so ordered.

APPENDIX C

UNITED STATES COURT OF APPEALS FOR THE FOURTH CIRCUIT

No. 73-1699

[Filed Sep. 17, 1974. William K. Slate, II, Clerk]

MARY HELEN SEARS,
Appellant,

v.

ROBERT GOTTSCHALK, Commissioner of Patents,
Appellee.

ORDER

The petition for rehearing filed by plaintiff Mary Helen Sears, and the supplemental letter dated September 8, 1974, of counsel thereto, having been read and considered; it is, with the concurrence of Judge Butzner and Judge Field, ORDERED that said petition be, and it is hereby, denied.

For the Court:

/s/ [Illegible]
United States Circuit Judge

A True Copy, Teste:

William K. Slate, II, Clerk

By /s/ Faye O. Chlorie
Faye O. Chlorie
Deputy Clerk

APPENDIX D

Constitutional Provisions, Statutes and Patent Office Rules Involved

Constitutional Provisions

Art. I, § 8, Cl. 8 (Patent Clause)

> The Congress shall have power . . . To promote the progress of science and useful arts, by securing for limited times to authors and inventors the exclusive right to their respective writings and discoveries.

Art. VI, § 2 (Supremacy Clause)

> This Constitution, and the Laws of the United States which shall be made in Pursuance thereof; and all Treaties made, or which shall be made, under the Authority of the United States, shall be the supreme Law of the Land; and the Judges in every State shall be bound thereby, any Thing in the Constition or Laws of any State to the Contrary notwithstanding.

Fifth Amendment

> "No person shall be . . . deprived of life, liberty, or property, without due process of law; . . ." .

Statutes

5 U.S.C. § 552(a)(3)

> Public information; agency rules, opinions, orders, records, and proceedings
>
> (a) Each agency shall make available to the public information as follows:
>
> * * * *
>
> (3) Except with respect to the records made available under paragraphs (1) and (2) of this sub-

section, each agency, on request for identifiable records made in accordance with published rules stating the time, place, fees to the extent authorized by statute, and procedure to be followed, shall make the records promptly available to any person. On complaint, the district court of the United States in in the district in which the complainant resides, or has his principle place of business, or in which the agency records are situated, has jurisdiction to enjoin the agency from withholding agency records and to order the production of any agency records improperly withheld from the complainant. In such a case the court shall determine the matter de novo and the burden is on the agency to sustain its action. In the event of noncompliance with the order of the court, the district court may punish for contempt the responsibile employee, and in the case of a uniformed service, the responsible member. Except as to causes the court considers of greater importance, proceedings before the district court, as authorized by this paragraph, take precedence on the docket over all other causes and shall be assigned for hearing and trial at the earliest practicable date and expedited in every way.

35 U.S.C. § 6

Duties of Commissioner

The Commissioner, under the direction of the Secretary of Commerce, shall superintend or perform all duties required by law respecting the granting and issuing of patents and the registration of trademarks; and he shall have charge of property belonging to the Patent Office. He may, subject to the approval of the Secretary of Commerce, establish regulations, not inconsistent with law, for the conduct of proceedings in the Patent Office.

35 U.S.C. § 102(a) and (b)

Conditions for patentability; novelty and loss of right to patent

A person shall be entitled to a patent unless—

(a) the invention was known or used by others in this country, or patented or described in a printed publication in this or a foreign country, before the invention thereof by the applicant for patent, or

(b) the invention was patented or described in a printed publication in this or a foreign country or in public use or on sale in this country, more than one year prior to the date of the application for patent in the United States, or

35 U.S.C. § 103

Conditions for patentability; non-obvious subject matter

A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negatived by the manner in which the invention was made.

35 U.S.C. § 131

Examination of application

The Commissioner shall cause an examination to be made of the application and the alleged new invention; and if on such examination it appears that the applicant is entitled to a patent under the law, the Commissioner shall issue a patent therefor.

35 U.S.C. § 282

Presumption of validity; defenses

A patent shall be presumed valid. Each claim of a patent (whether in independent or dependent form) shall be presumed valid independently of the validity of other claims; dependent claims shall be presumed valid even though dependent upon an invalid claim. The burden of establishing invalidity of a patent or any claim thereof shall rest on the party asserting it.

The following shall be defenses in any action involving the validity of infringement of a patent and shall be pleaded:

(1) Noninfringement, absence of liability for infringement, or unenforceability,

(2) Invalidity of the patent or any claim in suit on any ground specified in part II of this title as a condition for patentability.

(3) Invalidity of the patent or any claim in suit for failure to comply with any requirement of sections 112 or 251 of this title,

(4) Any other fact or act made a defense by this title.

In actions involving the valdity or infringement of a patent the party asserting invalidity or noninfringement shall give notice in the pleadings or otherwise in writing to the adverse party at least thirty days before the trial, of the country, number, date, and name of the patentee of any patent, the title, date, and page numbers of any publication to be relied upon as anticipation of the patent in suit or, except in actions in the United States Court of Claims, as showing the state of the art, and the name and address of any person who may be relied upon as the prior inventor or as having prior knowledge of or as having previously used or offered for sale

the invention of the patent in suit. In the absence of such notice proof of the said matters may not be made at the trial except on such terms as the court requires. (Amended July 24, 1965, Public Law 89-83, sec. 10, 79 Stat. 261.)

Patent Office Rules

37 C.F.R. 1.14(a)(b)

Patent applications preserved in secrecy. (a) Except as provided in rule 11(b) pending patent applications are preserved in secrecy. No information will be given by the Office respecting the filing by any particular person of an application for a patent, thee pendency of any particular case before it, or the subject matter of any particular application, nor will access be given to or copies furnished of any pending application or papers relating thereto, without written authority in that particular application from the applicant or his assignee or attorney or agent of record, unless it shall be necessary to the proper conduct of business before the Office or as provided by these rules.

(b) Except as provided in rule 11(b) abandoned application referred to in a U.S. patent is abandoned and is available, it may be inspected or copies obtained by any person on written request, without notice to the applicant. Abandoned applications may be destroyed after 20 years from their filing date, except those to which particular attention has been called and which have been marked for preservation. Abandoned applications will not be returned.

37 C.F.R. 1.108

Abandoned applications not cited. Abandoned applications as such will not be cited as references except those which have become abandoned as a result of the filing and acceptance of a request under rule 139.

APPENDIX E

Notice: This opinion is subject to formal revision before publication in the Federal Reporter or U.S. App. D.C. Reports. Users are requested to notify the Clerk of any formal errors in order that corrections may be made before the bound volumes go to press.

UNITED STATES COURT OF APPEALS FOR THE DISTRICT OF COLUMBIA CIRCUIT

No. 73-1978

TAX ANALYSTS AND ADVOCATES, THOMAS F. FIELD, ET AL

v.

INTERNAL REVENUE SERVICE, ET AL, APPELLANTS

Appeal from the United States District Court for the District of Columbia

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Decided August 19, 1974

Before: WRIGHT and MACKINNON, *Circuit Judges* and DAVIES,* *United States Senior District Judge* for the District of North Dakota.

Opinion for the Court filed by *Senior District Judge* DAVIES.

DAVIES, *Senior United States District Judge*: In an action commenced pursuant to the Freedom of Information Act, 5 U.S.C. § 552, Tax Analysts and Advocates and its Executive Director sought to compel the Internal Revenue Service, its Commissioner and its Assistant Com-

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* Sitting by designation pursuant to 28 U.S.C. § 294(d).

missioner (Technical) to disclose letter rulings and technical advice memoranda, together with communications and indices relating thereto, issued to producers of minerals other than oil and gas between July 26, 1968, and October 1, 1971, in which determinations were made of the processes to be treated as "mining" under Section 613 (c) of the Internal Revenue Code, 26 U.S.C. § 613(c), when computing gross income from property for percentage depletion purposes.

The District Court rejected the defendants' (appellants') contentions that the Freedom of Information Act (Act) did not apply to letter rulings or technical advice memoranda or that, if it did, specific exemptions precluded disclosure of the material sought. The District Court also refused appellants' request that it exercise the discretion inherent in its equitable powers and refuse to order disclosure. The Court ordered all materials sought, consisting of two unpublished letter rulings, eight technical advice memoranda, communications to and from the taxpayer or his representative relating thereto, and six index-digest cards, be made available:

> "* * * intact and without delection, except for those items which, within said thirty (30) days period, Defendants submit to the Court, sealed and intact, without delection but with any proposed deletions indicated, for in camera review as to whether pro-Freedom of Information Act, together with a deposed deletion of information is justified under the tailed written explanation of the justification for each deletion, * * *"

and also:

> "* * * within thirty (30) days of date all items in the Internal Revenue Service's index-digest reference card file sought by Plaintiffs herein, and all memoranda of conferences and telephone calls relating to the letter rulings and technical advice memoranda involved herein, unless within said thirty (30)

day period those items are submitted to the Court for in camera review as to whether they may be properly withheld as internal memoranda within the meaning of exemption 5, 5 U.S.C. § 552(b)(5), of the Freedom of Information Act." *Tax Analysts and Advocates* v. *Internal Revenue Serv.*, 362 F.Supp. 1298 (D.D.C. 1973).

A stay was granted pending appeal in which appellants present only two issues: (1) whether the materials sought were, under § 552(b)(3) of the Act, "specifically exempted from disclosure by statute"; and (2) whether the District Court erred in holding that it did not have, under the Act, equitable powers to refuse to order disclosure.

As described by the District Court:

"A letter ruling is a written statement issued to a taxpayer by the Office of Assistant Commissioner (Technical) in which interpretations of the tax laws are made and applied to a specific set of facts. The function of a letter ruling, usually sought by the taxpayer in advance of contemplated transaction, is to advise the taxpayer regarding the tax treatment that he can expect from IRS in the circumstances specified in the ruling. The letter rulings are not publicly disclosed by the IRS and it is clearly specified that no taxpayer is entitled to rely upon an unpublished private ruling not issued specifically to him. The taxpayer who does receive such a ruling is advised to file it along with his tax return.

"A technical device (sic) memoranda (T.A. memo) is comparable to a letter ruling, except that it is not issued directly to a taxpayer, but to a District Director of the IRS in response to the director's request for instructions as to the treatment of a specific set of facts relating to a named taxpayer. The director's question may relate to audit examination of a taxpayer's return or consideration of a taxpay-

er's claim for refund or credit. The substantive portion of the memorandum if (sic) given to the taxpayer.

"All letter rulings and technical advice memoranda are divided into two categories by the IRS for filing purposes. Many rulings and memos are considered of no significant 'reference' value. These are placed in a historical file, alphabetically by taxpayer's name, and maintained for a period of four years. No separate index is prepared for materials in the historical file. The other letter rulings and t.a. memos are deemed to have a continuing 'reference' value for internal IRS purposes, and these are placed in the IRS' permanent reference file, along with Court decisions, published Revenue Rulings, and other materials deemed to have a continiung reference value. The reference file is organized by code section and an 'index-digest' card file is maintained, giving citations to the main 'reference' file and usually summarizing the contents of the reference file." (Footnotes omitted.) *Tax Analysts and Advocates* v. *Internal Revenue Serv.*, *supra*, at 1301-1302.

First, it is to be noted that appellants do not contest the District Court's holding that letter rulings and technical advice memoranda are "statements of policy and interpretations which have been adopted by the agency and not published in the Federal Register", Section (a)(2)(B), and must be made available for public inspection and copying if not exempt under subsection (b)(3) of the Act.

"It is well established that information which either creates or provides a way of determining the extent of substantive rights and liabilities constitutes a form of law that cannot be withheld from the public. *See* Sterling Drug, Inc. v. FTC, 146 U.S.App.D.C. 237, 450 F.2d 698 (1971); American Mail Line, Ltd. v. Gulick, 133 U.S.App.D.C. 382, 411 F.2d 696

(1968). The FOIA by its explicit terms condemns 'secret law' and requires that it be made public:

> (2) Each agency, in accordance with published rules, shall make available for public inspection and copying—
>
> (A) final opinions, including concurring and dissenting opinions, as well as orders, made in the adjudication of cases;
>
> (B) those statements of policy and interpretations which have been adopted by the agency and are not published in the Federal Register . . ."

Cuneo v. Schlesinger, —— U.S.App.D.C. ——, 484 F.2d 1086 (1973), footnote 13 at p. 1091.

Relying on 26 U.S.C. § 6103(a)(1), which provides

> "Returns made with respect to taxes . . . upon which the tax has been determined by the Secretary or his delegate shall constitute public records; but, except as hereinafter provided . . . they shall be open to inspection only upon order of the President and under rules and regulations prescribed by the Secretary or his delegate and approved by the President"

and on 26 U.S.C. § 7213(a)(1) which makes it unlawful

> ". . . to divulge or to make known . . . to any person the amount or source of income, profits, losses, expenditures, or any particular thereof, set forth or disclosed in any income return, or to permit any income return or copy thereof or any book containing any abstract or particulars thereof to be seen or examined by any person except as provided by law; and it shall be unlawful for any person to print or publish in any manner whatever not provided by law any income return, or any part thereof or source of income, profits, losses, or expenditures appearing in any income return; . . ."

appellants contend that letter rulings and technical advice memoranda are "specifically exempted from disclosure by statute."

It was appellants' burden to sustain their claim that the materials sought came within the meaning of the statutes. Mere labeling of the letter rulings and tax advice memoranda as returns is not sufficient. It is the District Court's function to determine whether appellants' classification was proper.

> "This court has continued to adhere to the position that exemptions of the Information Act are to be narrowly construed. Vaughn v. Rosen, 484 F.2d 820 (D.C.Cir. 1973), *cert. denied*, —— U.S. —— (1974); *Cuneo* v. *Schlesinger*, 484 F.2d 1086 (D.C. Cir. 1973), *cert. denied*, —— U.S. —— (1974). The ordinary meaning of the language of Exemption (3) is that the statute therein referred to must itself specify the documents or categories of documents it authorizes to be withheld from public scrutiny. * * * "In *EPA* v. *Mink*, 410 U.S. 73 (1973), the Supreme Court considered a specific exemption by statute, Exemption (1) of the Information Act itself, which exempts matters 'specifically required by Executive Order to be kept secret in the interest of the national defense or foreign policy.' 5 U.S.C. § 552(b)(1). The documents sought to be disclosed had been classified as secret pursuant to Executive Order 10501. Exemption (1) was construed to be a specific reference by Congress itself to a definite class of documents which were not to be disclosed. 410 U.S. at 83. Their disclosure accordingly was not required." (Footnote omitted.) *Robertson* v. *Butterfield*, No. 72-2186 (D.C.Cir., May 9, 1974), 42 U.S.L.W. 2625.

The two statutes relied upon by appellants provide for protection of the privacy of taxpayers filing tax returns and are designed to prevent disclosure of information contained either in the returns or in documents filed

in conjunction therewith which enable the Secretary or his delegates to determine tax due the United States. It is not difficult, therefore, to conclude that letter rulings are not encompassed in either statute. Letter ruling are issued at the request of taxpayers seeking advice as to the tax consequences of specific transactions. This information provides guidance in planning and conducting their business affairs and, if the transaction is consumated, aids in preparation of their tax returns. The fact that taxpayers may elect to follow the Internal Revenue Service's recommendations that letter rulings be attached to returns containing information about the transactions referred to in the letter rulings does not *deprive a letter ruling of its separate status as a "final opinion" and "interpretation" nor does it make the attachment part of a return.*[1] Attachment is to alert the

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[1] The IRS also urges that Treas. Reg. § 301.6103(a)-1(a)(3) (Feb. 8, 1972), specifically exempts letter rulings from disclosure under the Act:

> (3) *Terms used*—(i) *Return.* For purposes of section 6103 (a), the term "return" includes—
>
> (a) Information returns, schedules, lists, and other written statements filed by or on behalf of the taxpayer with the Internal Revenue Service which are designed to be supplemental to or become a part of the return, and
>
> (b) Other records, reports, information received orally or in writing, factual data, documents, papers, abstracts, memoranda, or evidence taken, or any portion thereof, relating to the items included under (a) of this subdivsion.

Clearly, letter rulings are not encompassed by (a) since they are issued at the request of the taxpayer and their attachment as a matter of convenience to the return does not make them "supplemental to or . . . a part of the return." Where the transaction proposed in the letter ruling is not executed, the letter ruling would not be comprehended by (b) since it would not "relate" to a filed return. However, letter rulings involving proposed transaction subsequently exectued would fall within the literal terms of (b). Nonetheless, we think that letter rulings generated by the voluntary request of a taxpayer for tax advice from the IRS are beyond the scope of that which the Congress sought to protect under section

District Director of the Internal Revenue Service that a letter ruling had been issued. The appropriate District Director is always sent a copy at the time a letter ruling is issued to any taxpayer required to file a return in his district.

Conversely, technical advice memoranda are prepared in response to an inquiry by a District Director as to the treatment of a specific set of facts relating to a tax return filed by a named taxpayer involving either an audit or in connection with the taxpayer's claim for refund or credit of taxes. Technical advice memoranda deal directly with information contained in "returns made with respect to taxes" and are a part of the process by which tax determinations are made and, thus, "specifically exempted from disclosure by statute."

We emphasize that there is still available to appellants, through *in camera* production of all documents other than the technical advice memoranda relating thereto, exemption under § 552(b)(4) to prevent disclosure of "commercial or financial information obtained from a person and privileged or confidential." [2]

Lastly, appellants ask us to reconsider our previous holding that a District Court has no jurisdiction under the Act to deny disclosure, apart from the exemptions contained in the Act, on equitable grounds. *Soucie v. David*, 145 U.S.App.D.C. 144, 448 F.2d 1067 (1971); *Getman v. NLRB*, 146 U.S.App.D.C. 209, 450 F.2d 670 (1971); accord, *Wellford v. Hardin*, 444 F.2d 21 (4th

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6103, that is, "returns" filed under compulsion of law which contain information necessary to determine federal tax liability. Accordingly, the regulation cannot immunize letter rulings from disclosure under the Freedom of Information Act.

[2] Our recent decision in *National Parks and Conservation Assoc. v. Rogers C. B. Morton, Secretary, Department of the Interior, et al.*, No. 73-1033 (D.C.Cir., April 24, 1974), may be of aid to the District Court in this respect.

Cir. 1971); *Robles v. Environmental Protection Agency*, 484 F.2d 843 (4th Cir. 1973); *Tennessean Newspapers, Inc. v. Federal Housing Admin.*, 464 F.2d 657 (6th Cir. 1972); *Hawkes v. Internal Revenue Service*, 467 F.2d 787, n. 6 at p. 792 (6th Cir. 1972). See also *Bannercraft Clothing Co. v. Renegotiation Board*, 151 U.S.App. D.C. 174, 466 F.2d 345, 353 (1972) (discussing equitable principles) reversed on other grounds, 42 U.S.L.W. 4204.

However, there is nothing in the "factors present in this case which were absent in the other Freedom of Information Act cases considered by the Court" which would compel us to change our previous opinion.

Modified in part and remanded to the District Court for further proceedings not inconsistent with this opinion.